

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00 COME-00

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FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 6245

INFO AMEMBASSY BELGRADE

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USMISSION USBERLIN

AMEMBASSY BONN

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USMISSION EC BRUSSELS

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AMEMBASSY LUXEMBOURG

USMISSION USNATO

AMEMBASSY PARIS

AMEMBASSY PRAGUE

AMEMBASSY ROME

AMEMBASSY WARSAW

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

C O N F I D E N T I A L MOSCOW 0660

E.O. 11652: GDS

TAGS: ETRD EFIN ENRG EEC COMECON UR

SUBJECT: VIEWS OF SOVIET SENIOR ECONOMIST ON FORMS OF POSSIBLE  
EEC-CEMA COOPERATION

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1. SUMMARY: A LEADING ECONOMIST IN SOVIET INSTITUTE FOR WORLD ECONOMY AND INTERNATIONAL RELATIONS (MEMO) TOLD EMBASSY OFFICER JANUARY 13 THAT EEC-CEMA COOPERATION WILL AT FIRST BE CONCERNED WITH EXCHANGE OF INFORMATION AND POSSIBLY JOINT WORK ON CERTAIN RESEARCH PROJECTS. AT A MORE ADVANCED STAGE THE INSTITUTE BELIEVES THAT COOPERATION MAY EXPAND TO SUCH FIELDS AS ENERGY AND TRANSPORT. COOPERATION IN ENERGY IS REGARDED AS PARTICULARLY APPROPRIATE IN VIEW OF WEST EUROPEAN ENERGY PROBLEMS, LARGE ENERGY RESOURCES AVAILABLE IN CEMA AREA (MAINLY USSR), AND SERIES OF LONG-TERM SOVIET BILATERAL AGREEMENTS FOR ENERGY SUPPLY TO WEST EUROPEAN COUNTRIES AND JAPAN WHICH HAVE BEGUN TO EMERGE OVER PAST SEVERAL YEARS. THE ECONOMIST, WHO HEADS A SECTION CONCERNED WITH LONG-RANGE PLANNING IN SOVIET-WESTERN ECONOMIC RELATIONS, WAS DISTINCTLY NEGATIVE ON POSSIBILITY OF ENERGY AGREEMENTS BETWEEN US AND USSR BECAUSE OF RESTRICTIONS IMPOSED BY US TRADE BILL. SHE FOLLOWED STANDARD SOVIET LINE THAT BY TIME CHANGES IN US LEGISLATION ARE ACHIEVED USSR WILL ALREADY HAVE ESTABLISHED LONG-RANGE CONTRACTS FOR ENERGY EXPLOITATION WITH WESTERN EUROPE AND JAPAN, WITH FEW POSSIBILITIES LEFT FOR US. END SUMMARY.

2. ON JAN 13, ONE DAY BEFORE PUBLIC ANNOUNCEMENT OF SOVIET DECISION REGARDING US TRADE BILL, EMBASSY OFFICER MET FOR NEARLY ONE HOUR WITH PROFESSOR MARGARITA MAKSIMOVA OF MOSCOW'S INSTITUTE FOR WORLD ECONOMY AND INTERNATIONAL RELATIONS (MEMO), A BRANCH OF SOVIET ACADEMY OF SCIENCES. MAKSIMOVA IS REPORTEDLY WIFE OF MEMO'S DIRECTOR, NIKOLAY N. INOZEMTSEV, AND HEADS A SPECIAL SECTION CONCERNED WITH LONG-4-, & 3 0)-, 8, & \*94 9;835 3:9,9.8: 43)-589, 285# 23 534, :97,5483 . SPECIFIC PURPOSE OF MEETING WAS TO DISCUSS POSSIBILITIES FOR EEC-CEMA COOPERATION, ONE OF SUBJECTS COVERED BY MAKSIMOVA'S SECTION OVER PAST YEAR.

3. FOLLOWING ARE HIGHLIGHTS (FURTHER DETAILS BY AIRGRAM).

A) EEC-CEMA COOPERATION - FIRST STAGE - MAKSIMOVA ENVISIONED INITIAL COOPERATION TO BE MERELY EXCHANGE OF INFORMATION, INCLUDING STATISTICS, AND ALSO SOME JOINT RESEARCH ON SPECIFIC PROJECTS. COOPERATION AT THIS LEVEL  
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WILL PRESUMABLY BE ARRANGED THROUGH MEETINGS OF EXPERTS SUCH AS THAT SCHEDULED TO TAKE PLACE IN MOSCOW EARLY IN FEBRUARY. IN COMMENTING ON FIRST MEETING, MAKSIMOVA REITERATED OFTEN PUBLISHED SOVIET VIEW THAT CEMA-EEC CONTACTS AND COOPERATION ARE NOT ONLY REASONABLE BUT EVEN INEVITABLE IN MODERN WORLD WHERE BOTH GROUPS CONFRONTED WITH VARIOUS ECONOMIC PROBLEMS, SOME OF WHICH ARE IDENTICAL OR SIMILAR.

B) SECOND STAGE - ENERGY AND TRANSPORT - ASKED ABOUT MORE ADVANCED COOPERATION, MAKSIMOVA ALLEDGED THAT ENERGY AND TRANSPORT PRESENTED BEST POSSIBILITIES. SHE REFERRED TO EAST-EAST ENERGY CONTRACTS WHICH HAVE RECENTLY BEEN DEVELOPING ON BILATERAL BASIS, OUTSIDE OF EEC-CEMA FRAMEWORK. AT PRESENT THESE ARE MAINLY LARGE, LONG-TERM (20-30 YEAR) CONTRACTS FOR FUTURE SOVIET DELIVERIES OF NATURAL GAS IN EXCHANGE FOR PIPE AND EQUIPMENT FROM FRG, FRANCE, ITALY, JAPAN. OTHER IMPORTANT BILATERAL PROJECTS ARE ALSO POSSIBLE, ACCORDIN TO MAKSIMOVA, SUCH AS LINKING OF ELECTRIC POWER GRIDS BETWEEN EEC AND CEMA COUNTRIES. SHE ALSO NOTED FRG PLANS TO BUKD ATOMIC ELECTRIC POWER STATION AT KALININGRAD WHICH WILL EXPORT ELECTRIC POER TO WEST BERLIN AND FRG. OTHER POSSIBILITIES ARE INCREASED CEMA EXPORTS OF OIL AND COAL TO EEC COUNTRIES. ALTHOUGH VAGUE ON POSSIBILITIES FOR TRANSPORT COOPERATION, MAKSIMOVA SUGGESTED ENERGY TRANSPORT LINES AS A BEGINNING-- PIPELINES, RAILWAYS, WATERWAYS.

C) INTENSIVE NEGOTIATION - MAKSIMOVA ACKNOWLEDGED THAT EEC AT PRESENT HAS NO UNIFIED POLICIES ON ENERGY AND THAT EC COMMISSION DOES NOT HAVE COMPETENCE TO DISCUSS ENERGY MATTERS. HOWEVER, SHE FORSEES THIS AS AN OBSTACLE WHICH WILL EVENTUALLY BE OVERCOME THROUGH AGREEMENT REACHED WITHIN EEC, AND THROUGH INTENSIVE NEGOTIATION WITH CEMA SIDE.

D) SOVIET CONTROL - MAKSIMOVA DID NOT REGARD AS SIG-NIFICANT FACT THAT MOST IF NOT ALL OF ENERGY WRESOURCES WHICH MIGHT BE INVOLVED IN COOPERATION WOULD COME FROM USSR. THEY WOULD, SHE SAID, COME FROM CEMA AS A GROUP OF COUNTRIES COOPERATING WITH ANOTHER GROUP OF COUNTRIES.  
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E) US-SOVIET ECONOMIC RELATIONS- IN DISCUSSING PROS-PECTS FOR US-SOVIET TRADE, AND PARTICULARLY POSSIBILITY FOR US PARTICIPATION IN SIBERIAN ENERGY PROJECTS, MAKSIMOVA WAS DISTINCTLY NEGATIVE AND SOMEWHAT SARCASTIC. ATMOSPHERE DURING THIS PART OF CONVERSATION WAS DISTINCTLY CHILL. IMPLICATION WAS THAT "ONCE AGAIN" USSR WILL TURN TO EUROPE AND JAPAN FOR WHAT IT NEEDS.  
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